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SUBJECT: BULGARIA: U.S. WTO AG PROPOSAL

REF: SECSTATE 190748

1. We delivered reftel demarche and fact sheet to Bulgarian trade official Diana Naydenova on October 17. The GOB is currently reviewing the U.S. proposal with its future EU colleagues. Naydenova feels agriculture is the most advanced topic in the discussions. She said the EU proposal put forth by Commissioner Mandelson is "ambitious enough." Naydenova sees only slight differences in the U.S. and EU proposals on tariffs - so could see agreement there. However, Naydenova said there are major differences between the two sides in the areas of domestic support and export competition (subsidies), and the EU has concerns about U.S. export crediting provisions.

2. Naydenova admitted that Bulgaria's position will be influenced by the EU's because it is acceding to the Union at the same time that the WTO rounds are being finalized. From Bulgaria's individual point of view, they are not concerned about export subsidies or domestic support because the GOB does not provide much in either area. Market access is the most sensitive issue for them. Bulgaria will greatly benefit from access to the EU markets. The GOB feels a sharp lowering of tariffs will hurt Bulgarian products' competitiveness against Brazilian, New Zealand and Latin American producers in the areas of dairy, meat, and wines. In fact, Bulgaria feels the EU is already too open in its wine agreement with the U.S. and other trading partners.

3. Although the GOB is sensitive to tariff reductions, Naydenova said they were not likely to oppose a deal on this issue. She envisions levels similar to those of the Uruguay round to be appropriate - and thought that the overall reduction in the 55-90 and 75 cap plan might be comparable. She also said there is "serious concern" in the EU about the attitudes of India and Brazil on Services and Market Access.
LEVINE